

# Your Survivor Benefits

The Defined Benefit Program provides benefits to your survivors whether your death occurs before or after retirement. There are two types of coverage: Coverage A (family allowance) and Coverage B (survivor benefit).

If you should die while on military leave, survivor and death benefits will be paid on your behalf as if you had continued accruing CalSTRS service credit.

## One-Time Death Benefit

When you die, a one-time death benefit is payable to your designated recipient if eligibility requirements are met. The one-time death benefit amount varies depending on whether you have disability and survivor benefits under Coverage A or B and whether you die before or after retirement.

The one-time death benefit is a separate designation from the election of an option beneficiary. Your option beneficiary receives a monthly lifetime benefit when you die, while your one-time death benefit recipient receives a one-time, lump-sum payment after your death.

**You may name one or more recipients for the one-time death benefit—a person, trust, charity, estate, parochial institution, corporation or public entity. If you do not have a one-time death benefit recipient in effect on the date of your death, the one-time death benefit will be paid to your estate.**

The one-time death benefit, plus any contributions and interest remaining in your account if you did not elect a beneficiary option, will be paid to your one-time death benefit recipient if you:

- Were receiving a service retirement benefit at the time of death.
- Were receiving or were eligible to receive a disability retirement benefit at the time of death.
- Had at least one year of service credit and died:
  - » While an active CalSTRS member.
  - » Within four months of terminating CalSTRS-covered employment.
  - » Within four months of terminating a disability benefit, if no CalSTRS service was performed.
  - » Within 12 months of the last day of paid CalSTRS-covered service, if on an approved leave of absence without compensation for reasons other than disability or military service.
- Die while performing military service if you otherwise would have been eligible for benefits had you continued working and accruing service credit under CalSTRS.

## Coverage A or Coverage B

If you became a CalSTRS member after October 15, 1992, your survivors are protected under the Coverage B. If you were a CalSTRS member on or before that date, you remain under Coverage A unless you elected Coverage B before April 1993.

Check your *myCalSTRS* account or your *Retirement Progress Report* for your coverage.

The one-time death benefit and survivor benefit are taxable.

You can change your death benefit recipient at any time, with no financial penalty.

If you die before retirement or if you are receiving a disability benefit at the time of death, your survivors may be eligible for a monthly benefit.

If you have less than one year of service credit, your one-time benefit recipient will receive a refund of your accumulated Defined Benefit and Defined Benefit Supplement contributions and interest.

Your *Retirement Progress Report* lists your one-time death benefit recipient if you designated one.

- Designate your one-time death benefit recipient using your *myCalSTRS* account or the *Recipient Designation* form, available at [CalSTRS.com](http://CalSTRS.com).

### **Marriage Dissolution or Domestic Partner Termination May Affect Designation**

If the dissolution judgment or termination and your death occur after January 1, 2002, the one-time death benefit recipient designation of your former spouse or partner is invalid. If you choose to have your former spouse or partner as your one-time death benefit recipient, you must submit a new *Recipient Designation* form.

### **Refund of Account Invalidates Your Designation**

If you refund your account and then later reinstate to CalSTRS membership, your previous one-time death benefit recipient designation will be invalid. If you wish to designate someone to receive your death benefit, you must submit a new form.

### **Reporting a Death**

Contact CalSTRS as soon as possible to notify us of the death of a member, option beneficiary or benefit recipient so we can update the account. In addition, be sure your survivors know that they must notify us in the event of your death. You can report a death online at [CalSTRS.com/contactus](http://CalSTRS.com/contactus) (select *Notification of Death*).

We will need the following information:

- Deceased person's name and Social Security number or Client ID.
- Date of death.
- Name, address and telephone number of a contact person.

### **Survivor Benefit Processing**

After we learn of a benefit recipient's death, we will assign a caseworker who will contact beneficiaries by letter. The letter includes the caseworker's name, telephone number and other important information.

To process an application for benefits, CalSTRS must receive a copy of the certified death certificate and any additional information or documentation requested. Any CalSTRS payment issued to the deceased benefit recipient after the date of death must be returned to us.

## Payment of Benefits

CalSTRS generally pays benefits to beneficiaries or your estate within 45 days of receiving all of the requested information. Payment may be delayed for a variety of reasons, including if we do not:

- Receive required documentation, such as certified marriage or death certificate.
- Have a current *Recipient Designation* form (or the *One-Time Death Benefit Recipient* form) on file that identifies the name and address of your recipients.

Any payments issued to benefit recipients after their death are due back to CalSTRS and will be deducted from benefits paid to the beneficiaries or estate if they are not returned.

If you have no surviving spouse or partner, eligible dependent children or dependent parents, any remaining Defined Benefit contributions and interest in your account will be paid to your one-time death benefit recipient. If you did not name a recipient, CalSTRS will make the payment to your estate.

## Coverage A Survivor Benefits—If You Die Before Retirement

### One-Time Death Benefit

Under Coverage A, if you die before retirement, CalSTRS pays a one-time death benefit to your designated recipient. The benefit amount through June 30, 2014, is \$6,163. This amount is adjusted periodically by the Teachers' Retirement Board. If you name more than one recipient, the payment is divided equally, unless you specify other percentages of distribution. If you do not name a one-time death benefit recipient, CalSTRS will make the payment to your estate.

For CalSTRS to pay this benefit, you must have earned at least one year of service credit and your death must have occurred during one of the following periods:

- While performing creditable service or receiving a disability benefit.
- Within four months after you terminated employment or last earned creditable service.
- Within four months after you terminated a disability benefit if no service was performed after the termination.
- Within 12 months of the last day for which compensation was paid, if you were on an approved leave of absence without compensation for reasons other than disability or military service.

If you worked part time, your death must have occurred within four months after ending employment or earning service credit.

If you took a refund, any one-time death benefit recipient you had previously named will be automatically canceled. If you return to CalSTRS membership after taking a refund and name a one-time death benefit recipient, the benefit can be paid only if you have subsequently earned or accumulated one year of service credit.

### Coverage A Survivor Benefit

For your survivors to be eligible for the Coverage A monthly survivor benefit (family allowance), you must have met the same eligibility requirements as those for the one-time death benefit described earlier and you:

- Cannot have a preretirement election of an option in effect.

- Must have earned at least one year of CalSTRS service credit since reinstatement from service retirement, if applicable.
- Must have earned at least one-half year of service credit after a break in service of more than one year, if applicable.

Under Coverage A, a monthly survivor benefit is payable to:

**1. Your surviving spouse or registered domestic partner with eligible dependent children**

A child is an eligible dependent if he or she is all of the following:

- Your natural child, adopted child or stepchild and not adopted by anyone other than your spouse or partner.
- Born no later than 10 months after the date of your death.
- Under age 22.
- Unmarried or unregistered as a domestic partner at the time of your death.
- Financially dependent on you on the date of your death or on the effective date of your disability, if you died while receiving a disability benefit.

Your surviving spouse or registered domestic partner will receive 40 percent of your final compensation and 10 percent of your final compensation for each eligible dependent child up to 50 percent for five or more children. The maximum family benefit is 90 percent of your final compensation. The benefit will be paid as long as your eligible dependent child is under age 22 and is neither married nor a registered domestic partner.

- See the Coverage A survivor benefit example on the next page.

**2. Your eligible dependent children, but no surviving spouse or registered domestic partner**

If you have eligible dependent children, but no surviving spouse or partner, each child is eligible to receive 10 percent of your final compensation, up to 50 percent. If you have more than five eligible children, they will share equally in the total 50 percent of your final compensation. Benefits to each eligible dependent child end on the day before each child reaches age 22, marries or registers as a domestic partner, or dies.

When all of your children are no longer eligible for a benefit, any remaining contributions and interest, less all monthly benefits paid, will be paid to your one-time death benefit recipient. If you did not name a recipient, CalSTRS will make the payment to your estate.

**3. Your surviving spouse or partner with no eligible dependent children**

If you have no eligible dependent children, or when your last child is no longer eligible, your surviving spouse or registered domestic partner may elect to receive either:

- A return of your accumulated Defined Benefit contributions and interest at the time of your death, less all monthly benefits paid.

OR

- A monthly benefit payable for his or her lifetime. The benefit calculation is based on a factor using your and your spouse's or partner's birth dates, the projected service credit and final compensation you would have accrued if you had lived to retire at age 60, and the service credit for your unused sick leave. Your spouse or partner is eligible for 50 percent of your benefit based on these factors when he or she reaches age 60. Your

**Benefit Reductions**

CalSTRS will reduce the Coverage A survivor benefit by the amount of benefits payable by other public systems upon your death. Other public systems include workers' compensation, Social Security, federal military disability, employer-paid income protection plans, and other disability programs financed with public funds. Survivor benefit recipients must send us a copy of any other public system award letters, so that we can adjust their payments.

spouse or partner may choose to receive the benefit sooner at an actuarially reduced rate. Neither the longevity bonus nor career factor is part of the calculation for monthly coverage at normal retirement age because your death occurred before retirement.

● See also “Your Retirement Benefit,” page 53.

#### 4. Your dependent parents

Your dependent parents may receive a benefit if you have no surviving spouse or registered domestic partner, or eligible children. Your parents, or parent, will be paid a monthly payment for life beginning at normal retirement age. If they are under normal retirement age, they may elect to receive an actuarially reduced benefit for life.

### Coverage A Survivor Benefit Example

Rob dies at age 40. His survivors include his wife, Linda, and three eligible dependent children. His final compensation is \$3,220.

Linda will receive a monthly survivor benefit (family allowance) of \$1,754 as long as her children are eligible. As each child becomes ineligible, that child’s increment will no longer be included in the basic benefit. In addition, an annual benefit adjustment increase of 2 percent of the basic benefit will be added to the monthly payment each September, beginning a year after Rob’s death.

When her youngest child reaches age 22 or is no longer eligible, Linda can choose one of these three options:

- Take the remaining Defined Benefit contributions and interest in Rob’s account, less all previously paid benefits.
- Receive the surviving spouse/registered domestic partner benefit payable for her lifetime once she reaches age 60. She will receive a monthly payment of \$1,353.85, based on Rob’s projected service credit and projected final compensation.
- Receive a reduced surviving spouse/registered domestic partner benefit for her lifetime before normal retirement age, based on her age at that time.

#### Coverage A Survivor Benefit Example

|  |                                    |   |                |
|--|------------------------------------|---|----------------|
| <b>Coverage A</b>                                  |                                    |   |                |
| Member:  | Rob, age 40                        |   |                |
| Spouse:  | Linda, age 40                      |   |                |
| Children:  | Mike, 15; Robert, 10; and Sandy, 5 |   |                |
| Service Credit:                                    | 10 years                           |   |                |
| Final Compensation                                 |                                    |   | \$3,220        |
| a. Spouse’s benefit                                | 40% x \$3,220                      | = | \$1,288        |
| b. Children’s increment                            | 3 x 10% x \$3,220                  | + | \$966          |
| Coverage A survivor benefit with eligible children | (a+b)                              | = | \$2,254        |
| Less Social Security offset                        |                                    | - | \$500          |
| <b>Monthly CalSTRS survivor benefit to Linda</b>   |                                    | = | <b>\$1,754</b> |

## Coverage B Survivor Benefits—If You Die Before Retirement

### One-Time Death Benefit

Under Coverage B, if you die before retirement, CalSTRS pays a one-time death benefit to your designated recipient. The one-time death benefit is \$24,652. This amount is adjusted periodically by the Teachers' Retirement Board. If you name more than one recipient, the payment is divided equally, unless you specified other percentages of distribution. If you do not name a one-time death benefit recipient, CalSTRS will make the payment to your estate.

For CalSTRS to pay this benefit, you must have earned at least one year of service credit, and your death must have occurred during one of the following periods:

- While performing creditable service.
- Within four months after you terminated employment or last earned creditable service.
- Within 12 months of the last day for which creditable compensation was paid, if you were on an approved leave of absence without compensation for reasons other than disability or military service.

If you worked part time, your death must have occurred within four months after you ended employment or earned service credit.

In addition, if you had taken a refund of contributions or had reinstated after retirement:

- You must have earned at least one year of service credit after your refund or reinstatement.

OR

- Six months must have elapsed since your reinstatement from disability retirement.

### Coverage B Survivor Benefit

For your survivors to be eligible for a monthly survivor benefit, you must have met the same eligibility requirements as those for the one-time death benefit and you:

- Cannot have made a preretirement election of an option.
- Must have earned at least one year of CalSTRS service credit if you reinstated from a service retirement.
- Must have earned at least six months of service credit if you had a break in service of more than one year.
- Must have died within four months if you reinstated from a disability retirement.

Under Coverage B, a monthly survivor benefit may be paid to:

#### 1. Your surviving spouse or registered domestic partner

Your surviving spouse or partner has the choice of receiving either a monthly benefit for his or her lifetime or a return of your Defined Benefit contributions and interest, whether or not you have eligible dependent children.

Your surviving spouse or registered domestic partner can begin receiving a survivor benefit either:

### No Benefit Reduction

The Coverage B monthly survivor benefit will not be reduced if your survivors receive survivor benefits from another public system, such as Social Security.

- Immediately as of the date of your death. The benefit is actuarially reduced if you were under normal retirement age at the time of death.

OR

- When you would have reached normal retirement age.

The monthly benefit is calculated using your actual service credit and actual final compensation at the time of your death. If you die on or before normal retirement age, your age and your spouse's or partner's age as of the date you would have reached normal retirement age are used in the calculation. The benefit your spouse or partner would receive would be one-half of the modified survivor benefit.

If you die after reaching normal retirement age, your age and your spouse's or partner's age as of the date of death will be used in the calculation. The survivor benefit calculation will also include service credit for your unused sick leave.

Neither the longevity bonus nor the career factor is part of the calculation for a monthly Coverage B survivor benefit because your death occurred before retirement.

● See "Your Retirement Benefit," page 53.

## **2. Your eligible dependent children**

If you have eligible dependent children and your spouse or partner decides to take a monthly survivor benefit, each child will also receive a monthly benefit. The payment goes to the parent until the children are age 18, when they can request the payment be made to them.

If you have no surviving spouse or partner, but have eligible dependent children, each child will be eligible to receive a monthly benefit.

A benefit is not payable to your eligible dependent children if your surviving spouse or partner decides to receive a return of your Defined Benefit contributions and interest.

Your child is eligible if he or she is all of the following:

- Your natural or adopted child or stepchild and not adopted by anyone other than your spouse or partner.
- Born no later than 10 months after the date of your death.
- Under age 21.
- Financially dependent on you at the time of your death.

Each child's benefit is 10 percent of your final compensation, up to 50 percent for five or more children.

Your child's monthly survivor benefit begins on the day following the date of your death, even if your spouse elects to wait to receive a monthly survivor benefit until you would have reached normal retirement age. The benefit is payable until the day before your eligible dependent child reaches age 21 or dies, whichever occurs first, even if your spouse elects to wait to receive a monthly survivor benefit until you would have reached normal retirement age.

If your surviving spouse or partner dies before your eligible dependent children become ineligible, each eligible child will still be paid a monthly benefit until the day before he or she is age 21 or dies, whichever occurs first. Once your children are no longer eligible for a benefit, any remaining Defined Benefit contributions and interest, less all monthly benefits paid, will be paid to your one-time death benefit recipient. If you did not name a recipient, CalSTRS must make the payment to your estate.

## Coverage B Defined Benefit Supplement Distribution

If you die before retirement, your one-time death benefit recipient will receive a benefit based on the balance in your Defined Benefit Supplement account. If you have \$3,500 or more for each designated recipient, each will have a choice of a lump-sum payment or a period-certain annuity.

If you die after retirement, you will have already made your Defined Benefit Supplement election. An ongoing monthly annuity might be paid depending on your election at retirement.

### 3. Your eligible dependent children, but no surviving spouse or registered domestic partner

If you have dependent children, but no surviving spouse or registered domestic partner, each child is eligible for 10 percent of your final compensation, up to 50 percent. If you have more than five eligible dependent children, they will share equally in the total 50 percent of final compensation. Benefits end on the day before your child reaches age 21 or dies, whichever occurs first.

When all of your children are no longer eligible for a benefit, any remaining Defined Benefit contributions and interest, less all monthly benefits paid, will be paid to your one-time death benefit recipient. If you did not name a recipient, CalSTRS will make the payment to your estate.

### 4. If you have no surviving spouse, registered domestic partner or eligible dependent children

No monthly benefit is payable to your survivors if you have no surviving spouse or registered domestic partner, or eligible dependent children. Your Defined Benefit contributions and interest will be paid to your one-time death benefit recipient. If you did not name a recipient, CalSTRS will make the payment to your estate.

## Coverage B Survivor Benefit Example

Sharon dies at age 40. Her survivors include a spouse, David, and three children eligible for benefits. Her final compensation is \$3,220.

David's choices: David can choose the monthly surviving spouse benefit or he can choose to take a refund of Sharon's Defined Benefit contributions and interest. However, if he does not elect the monthly survivor benefit, their children are not entitled to a monthly benefit.

If David elects the survivor benefit, he will immediately receive 10 percent of final compensation for each child (\$322 each) as of the date of Sharon's death, until each eligible dependent child reaches age 21. These payments will go to David until his children reach age 18, when the payments will go directly to them.

The surviving spouse benefit is calculated based on the amount of service credit at death, as if Sharon had lived to normal retirement age and had retired naming her spouse as a 50% Option Beneficiary, which provides 50 percent of the modified retirement benefit.

David can choose to defer his monthly spouse's survivor benefit until Sharon would have reached normal retirement age and receive the full benefit, or start the benefit as of the date of her death and receive a reduced benefit.

### Defers Survivor Benefit

If David chooses to defer receiving his surviving spouse benefit, their children will receive the following benefit immediately as of the date of Sharon's death:

**10% of final compensation for each child:**

**\$322 x 3 children = \$966**

David would receive no surviving spouse benefit until Sharon would have reached normal retirement age, which would be in 20 years. He would then receive a spouse benefit of \$306.45 for the rest of his life. See the calculation on the next page.

### Starts Survivor Benefit Immediately

If David elects to take his surviving spouse benefit immediately, the family will receive the following survivor benefit:

|   |                   |
|---|-------------------|
| David's reduced spouse benefit (see the next calculation) =             | \$53.48           |
| $\$306.45 \times .1745$ (age 40 50% Beneficiary Option age factor)      | = \$53.48         |
| 10% of final compensation for each child ( $\$322 \times 3$ children) = | \$966             |
| <b>Total =</b>  | <b>\$1,019.48</b> |

Each dependent child's benefit will stop when he or she reaches age 21. After David's last child is no longer eligible, he will continue to receive his spouse's benefit, \$53.48 a month, for his lifetime. In addition, an annual benefit adjustment increase of 2 percent of the basic benefit will be added each September, beginning a year after Sharon's death.

Here are the choices David must make for the spouse's monthly benefit:

| Survivor Benefit Example   |                                   |
|--|-----------------------------------|
| <b>Coverage B</b>  |                                   |
| Member:  | Sharon, age 40                    |
| Spouse:  | David, age 40                     |
| Children:  | Joe, 12; Sam, 9; and Jake, 7      |
| Service Credit:  | 10 years                          |
| Final Compensation:  | \$3,220                           |
| Sharon's Member-Only Benefit, as if she were normal retirement age<br>$2\% \times 10$ years of service credit $\times$ \$3,220 | Survivor Benefit = \$644.00       |
| Reduced benefit, based on option factor of .9517<br>(member and spouse normal retirement age)                                  | $0.9517 \times \$644 = \$612.89$  |
| David would receive, when Sharon would have reached normal retirement age, one-half of Sharon's reduced benefit                | $\$612.89 \div 2 = \$306.45$      |
| David could begin receiving, as of the date of Sharon's death, actuarially reduced,  | $\$306.45 \times .1745 = \$53.48$ |

## Defined Benefit Supplement Distribution

If you elect an annuity for your Defined Benefit Supplement account and die after retirement, your Defined Benefit Supplement balance will be distributed to your recipients named on your *Recipient Designation* form (or the *One-Time Death Benefit Recipient* form).

## Coverage A or B—When You Die After Retirement

### One-Time Death Benefit

If you die after retirement, the one-time death benefit is the same under both Coverage A and Coverage B. CalSTRS pays a one-time death benefit to your named recipients if you're a retired member. The current one-time death benefit is \$6,163. The amount may be adjusted periodically by the Teachers' Retirement Board. If you name more than one recipient, the benefit is divided equally, unless you specified other percentages of distribution. If you did not name a one-time death benefit recipient, CalSTRS will make the payment to your estate.

### Monthly Benefit With an Option

Once you have retired, no monthly benefit is payable to your survivors unless you elected an option beneficiary for your retirement benefit. If you elected an option, your option beneficiary will receive the monthly benefit payable under the option you elected. If you didn't elect an option, you would have been receiving the Member-Only monthly benefit.

The option beneficiary you designated to receive a monthly Defined Benefit and Defined Benefit Supplement payment after your death may name their own beneficiary to receive any remaining accrued balance after their death.

### Monthly Benefit Without an Option

If you elected the Member-Only Benefit for your Defined Benefit pension, you'll receive it for your lifetime. No continuing monthly benefit will be payable after your death.

Your one-time death benefit recipient, however, will receive the monthly retirement benefit that accrued but was not paid during the month of your death, plus any contributions and interest in your Defined Benefit account not already paid to you in benefit payments.

In addition, your one-time death benefit recipient will receive any contributions and interest in your Defined Benefit Supplement account not already paid to you in benefit payments. If you elected a Member-Only Annuity for your Defined Benefit Supplement distribution, your one-time death benefit recipient will receive the monthly annuity payment that accrued but was not paid during the month you died.

## Member Death After Retirement Example

### Member-Only Benefit

Elaine had been retired for 10 years at the time of her death on the 15th of the month. Elaine's monthly benefit was \$950. She had \$35,000 in contributions and interest at the time of retirement and received \$115,000 in retirement benefits before her death.

The amount payable to Elaine's recipient would be calculated as follows:

|   |                        |
|---|------------------------|
| Contribution and interest balance at retirement                     | \$ 35,000              |
| Less retirement benefit paid  | - \$ 115,000           |
| Remaining contributions and interest                                | 0                      |
| Accrued monthly benefit during the month of death (½ month x \$950) | \$ 475                 |
| Current one-time death benefit                                      | \$ 6,163               |
| <b>Total Payable</b>  | <b>\$6,163 + \$475</b> |
|   | <b>\$ 6,638</b>        |